Weekly Economic Review

Alberta's wholesale trade advances

Wholesale Trade

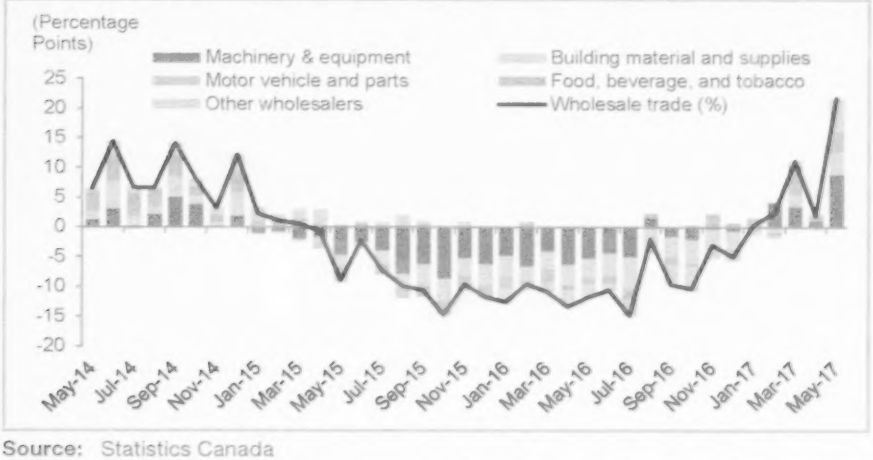
Broad-based gains lift wholesale trade

The value of wholesale trade in Alberta grew 4.5% month-over-month (m/m) to $6.8 billion in May, the highest level since April 2015. The monthly gain in sales was led by wholesalers of agricultural supplies, machinery and equipment, building materials, and food and beverage products. Compared to a year ago, sales jumped up 16% driven by broad-based gains (Chart 1).

Nationally, wholesale trade increased 0.9% m/m to hit a record high of $61.6 billion in May, led by gains in Alberta (+$289 million) and Newfoundland and Labrador (+$110 million).

Chart 1: Alberta wholesalers enjoy broad-based sales growth

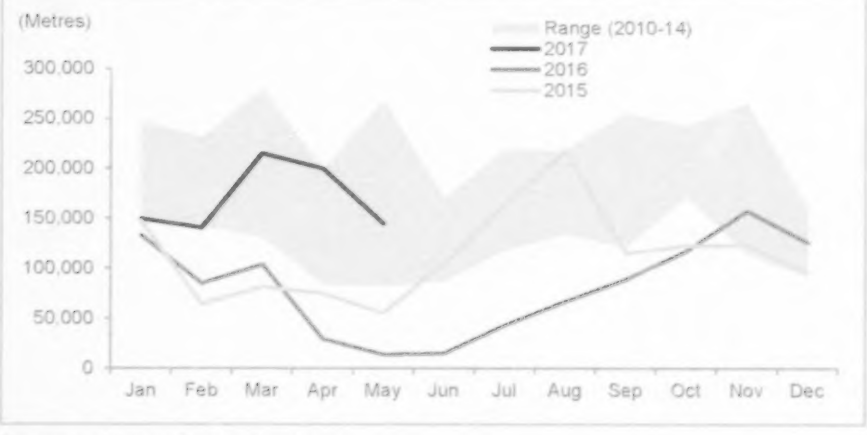
Contributions to year-over-year growth in Alberta's wholesale trade



Source: Statistics Canada

Chart 2: Alberta bitumen drilling returns to normal range

Total bitumen metres drilled



Source: Alberta Energy Regulator

Metres Drilled

Bitumen drives drilling growth

The number of metres drilled for oil and gas in May was almost triple year ago levels. The year-over-year (y/y) increase was due to a pick up in drilling for bitumen and continued strength in natural gas. There were more than 10 times as many metres drilled for bitumen than in May 2016 when drilling reached a low point during the Wood Buffalo wildfires (Chart 2). Natural gas recorded the highest drilling for the month of May in over 10 years. Meanwhile, well completions have jumped due to a flood of newly completed bitumen wells. Through five months of 2017, the number of metres drilled for oil and gas in the province was up 143% from last year's levels.

Average Weekly Earnings

Earnings stagnant

Earnings in the province continue to lag, dragged down by weakness in the goods sector. Average weekly earnings (AWE) edged down 0.4% to $1,120, as earnings in the goods-producing sector declined 1.5% m/m. Weakness was due to lower earnings in manufacturing (-2.6% m/m) and construction (-1.0% m/m), which offset a gain in mining, oil and gas (+1.0% m/m). Earnings in the service sector held steady after three months of consecutive gains. Overall earnings were up 1.7% y/y from the low set last May. The year-over-year gains

were supported by 2.5% increase in the service sector (Chart 3). Alberta's AWE remains the highest in the country, exceeding the national average by about $150.

Job Vacancies

Vacancies on the rise

The number of jobs available for job seekers in the province continues to grow. Total job vacancies in Alberta rose by 1,000 in the three-month period ending in April to reach 27,900 (Chart 4). With job vacancies moving higher, the vacancy rate increased while the unemployment-to-job vacancies ratio continued to ease. The ratio was 7.7 in April, much higher than the pre-recession level, but down from the recession high of 8.4.

Canadian GDP by Industry

Solid expansion in GDP

The Canadian economy posted strong growth in May. Real GDP grew by 0.6% m/m as activity increased in 14 of 20 industries. The increase was due to gains in the goods-producing sector (+1.6% m/m) led by oil and gas extraction (+7.6% m/m). The monthly jump was mainly due to the return of non-conventional oil production (+13% m/m) at Syncrude's Mildred Lake oil sands facility. Meanwhile, the expansion in service sector slowed (+0.2% m/m), as new housing rules in Ontario weighed on real estate and rentals (-0.2% m/m). Arts, entertainment and recreation services also fell (-3.5% m/m) as Canadian teams exited from the NHL playoffs. Canadian real GDP in May was 4.6% higher than May 2016 when the Fort McMurray wildfires disrupted oil production.

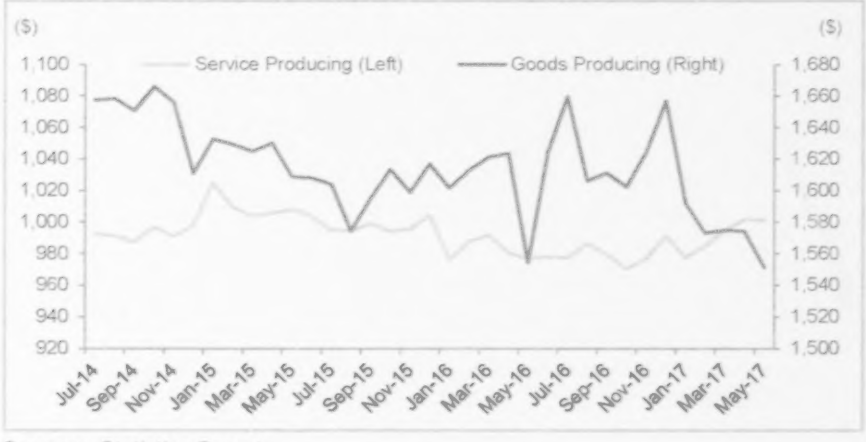
Railway Carloadings

Carloadings slowed

Railway shipments originating from Western Canada fell for a second month in a row in May partly due to seasonal weakness. Carloadings decreased 5.2% m/m to 158,458 railcars, as decreases in agriculture and food, and energy outweighed gains in nearly all other categories. On a year-over-year basis, carloadings were up 17%. The largest gain was in fuel oils and crude which rebounded from the low reached last May during the Fort McMurray wildfires.

Chart 3: Earnings in the goods sector continue to fall

Alberta's average weekly earnings by industry



Source: Statistics Canada

Chart 4: Job vacancies continue to gain traction

Total job vacancies and unemployment-to-job vacancies ratio in Alberta

Source: Statistics Canada

Contact

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.